FISCAL MEMORANDUM

FROM: CALIFORNIA CHILDREN & FAMILIES COMMISSION

TO: EXECUTIVE DIRECTORS, COUNTY COMMISSIONS

DATE: March 29, 2002

SUBJECT: USE OF CCFC FUNDS FOR FIXED OR CAPITAL ASSETS.

In the recent review of School Readiness applications, many counties included allocations of funds for fixed assets. The question of fixed asset acquisition using Proposition 10 funds has been discussed on numerous occasions. In consultation with the Attorney General's Office, a determination was made that the State Commission funds cannot be used for fixed assets. Although this restriction impacts State Commission funds, county commissions funds are not directly impacted by this decision. County commissions that are designated as independent entities have no restrictions. Also, county commissions that are affiliated with county government are restricted by whatever policies and procedures apply in their respective county.

This new information may have a direct impact on county commissions who intend to fund fixed assets within the School Readiness Initiative. Many county commissions that have applied for or intend to apply for school readiness funds need to insure that State Commission funds are not used for fixed assets. County commissions must provide sufficient school readiness local and county commission match to completely cover the costs for the fixed asset acquisition. In some cases, counties may have to provide funds in excess of the basic match required for State funding.

The following provides an example of how this policy would be implemented.

Example 1

Total Program Costs \$1.0 million (Amount of fixed assets in total \$.5 million)

Match Required:

State \$.5 million Local/county match \$.5 million

Example 2

Match Required:

Total Program Costs	\$1.0 million
(Amount of fixed assets in total	\$.6 million)
Match Required:	,
State	\$.4 million
Local/county match	\$.6 million
Example 3	
Total Program Costs	\$1.0 million
(Amount of fixed assets in total	\$.4 million)

State \$.5 million Local/county match \$.5 million

In summary, as long as the cost of fixed assets are at 50% or below the total costs for the program, the local/county match amount will not change. It is only when the amount exceeds 50% that the county/local match exceeds the 1:1 requirement.

Each plan must be clear and demonstrate that no State funds will be used for this expenditure. This match must apply per program per year as required in the form 4a, in the School Readiness application.